



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- The September 19 earthquake in Mexico could cost the country up to 1% of GDP this year, according to a report by the U.S. Geological Service as reported in local media. The report estimates damages in the range of US\$1 – \$10 billion. (*El Economista, September 22, 2017*)
- Mexico's seasonally adjusted exports of manufactured goods increased 2.3% in August over the same month the previous year, according to data from the National Statistics Institute (INEGI). Imports of capital goods grew 4.8% for the same period. (*Citibanamex Nota Oportuna, September 27, 2017*)

ECONOMIC ACTIVITY OF NOTE

- **Steel:** Steel producer Ternium, subsidiary of Italian-Argentinian steel and energy conglomerate Techint, announced plans to build a US\$1.1 billion hot rolling mill in the northeastern state of Nuevo León. The new plant will allow the company to produce more sophisticated hot rolled steel sheeting using the most advanced technology. (*Metal Bulletin, September 28, 2017*)
- **Tourism:** Mexican industrial and services conglomerate Grupo IUSA initiated construction of a major new theme park in Mexico's southeastern Riviera Maya tourism region. The US\$840 million AMIKOO entertainment center is projected to include an amusement park, hotel, museum of Mayan archeology, convention center, shopping center, concert arena, food courts and other attractions. (*September 19, 2017*)
- **Manufacturing:** Mexican bathroom fixture manufacturer Helvex reported investment of US\$40 million this year to expand production capacity. A 30% increase in the company's output of products such as faucets, shower heads and drains is allowing Helvex to target South American markets more aggressively. (*El Financiero, September 19, 2017*)
- **Logistics:** Mexican pharmaceutical wholesaler Maypo inaugurated a new distribution center in Mexico City. The US\$33 million complex includes 3.2 million cubic feet of warehouse capacity for dry and refrigerated product. (*El Financiero, September 13, 2017*)
- **Brewing:** Mexican brewer Grupo Modelo, subsidiary of Belgium-based brewing multinational Anheuser-Busch InBev, projects investment of approximately US\$777 million in 2018, the company reported. Projects were not specified other than that the company plans to expand production capacity. (*El Financiero, September 8, 2017*)
- **Automotive:** U.S. automotive wheel maker Prime Wheel announced it will expand its manufacturing operations in the northwestern border city of Tijuana. The US\$170 million expansion will include the addition of a casting and machining plant for the manufacture of aluminum wheels. (*Siglo 21 Periódico Industrial, September 7, 2017*)
- **Retail:** U.S. home improvement retailer The Home Depot plans to double the number of locations it operates in Mexico City from 10 to 20, the company reported. Each new location requires an average of US\$21 million in investment, according to company officials. (*El Financiero, September 7, 2017*)

- **Gasoline:** Netherlands-based oil company Royal Dutch Shell plans investment of approximately US\$1 billion over the next 10 years to market gasoline in Mexico. The company recently inaugurated its first filling station in Mexico following the elimination of the national oil company's monopoly on gasoline sales under the 2014 energy reform. *(El Financiero, September 6, 2017)*
- **Retail:** U.S. home improvement retailer Lowe's plans to double the number of locations it operates in Mexico from 10 to 20 over the next three years, the company reported. Projected investment of approximately US\$130 million will serve to consolidate Lowe's presence in the five northern states in which it is currently present. *(Reforma, September 6, 2017)*
- **Aerospace:** French aerospace manufacturer Daher inaugurated a 35,000 square foot production plant in the central industrial state of Querétaro. Investment was not specified for the site, which is expected to produce emergency exit doors for single aisle aircraft. *(El Financiero, August 29, 2017)*
- **Plastics:** Chinese plastic injection molding machinery manufacturer Haitian Plastics Machinery initiated construction of a training and service center in the northern border city of Tijuana. The US\$2 million facility will provide theoretical and practical training to operators using the company's machines in the area. *(La Jornada Baja California, August 31, 2017)*
- **Coffee:** Mexican franchise operator Alsea is pursuing expansion of its Starbucks coffee shop chain from its current 610 locations to 1,000 stores over the next four to five years, the company reported. The operator of the Mexico Starbucks franchise is budgeting approximately US\$45 million to establish the new locations. *(El Financiero, September 6, 2017)*

POLITICS AND SOCIETY

- Mexico City and surrounding areas were struck by a major earthquake on September 19, resulting in over 300 dead and severe damage to significant areas of the city. The disaster came on the heels of an even larger quake September 7 which killed 90 and caused major destruction in the southern states of Oaxaca and Chiapas. *(Excelsior, September 29, 2017)*
- Mexican President Enrique Peña Nieto delivered his final state of the nation address on September 2. Peña noted in the speech that Mexico has received a record US\$156 billion in foreign investment so far during his term. *(Mexico News Daily, September 4, 2017)*
- The Mexican Pork Producers Organization (Oporpa) filed a formal complaint with the Economy Ministry (SE) accusing U.S. and Canadian pork exporters of dumping practices. The complaint seeks an investigation with particular emphasis on imports into Mexico of hams and picnic cuts from Mexico's two NAFTA partners. *(El Economista, September 26, 2017)*